



May 24, 2007

TO: Transportation Authority of Marin Commissioners

FROM: Dianne Steinhauser, Executive Director

RE: Draft TAM FY2007-08 Budget, Agenda Item 10

Executive Summary

Attached for your review is the Draft TAM FY2007-08 Budget. Pursuant to Article VI, Section 106.1 of the TAM Administrative Code, no later than the June meeting, the Board shall adopt the annual budget for the ensuing fiscal year. The Administrative Code further requires that a public hearing be held on the adoption of the budget and the proposed budget be posted for no less than a thirty days public comment period.

The Executive Committee reviewed and provided comments for the Draft FY2007-08 Budget at its May 9th meeting. Draft budget information will also be presented to the City/Town Managers and County Administrator at their May 24th Marin Manager's Association meeting. The draft budget will be posted on the TAM website for public review and comment at least thirty days prior to its consideration for adoption. The Board will conduct a public hearing and consider adoption of the TAM FY2007-08 Budget at its June 28th Board Meeting.

The Draft FY2006-07 TAM Budget meets the needs of the agency as outlined in TAM's Workplans. Four Attachments are included in this report for your review:

- Attachment 1. Draft TAM FY2007-08 Budget
- Attachment 2. Assumptions for FY2007-08 Budget Development
- Attachment 3. FY2007-08 City/Town/County CMA Fee Schedule
- Attachment 4. Calculation of FY2007-08 Appropriation Limit

Recommendation: Provide comments on the Draft TAM FY2007-08 Budget and release the draft budget for public comments.

Background

Pursuant to Article VI, Section 106.1 of the TAM Administrative Code, no later than the June meeting of each year, the Board shall adopt the annual budget for the ensuing fiscal year. The Administrative Code further requires that a public hearing be held on the adoption of the budget and the proposed budget be posted for a public comment period for no less than 30 days.

The budget provides reasonable estimates for revenues expected for the upcoming fiscal year, as well as potential expenditures. Attachment 1, Draft TAM FY2007-08 Budget, illustrates all revenues and expenditure items included in the budget. Revenues included reflect both funds that TAM directly manages, such as Measure A Sales Tax, and funds that TAM acts as the pass-through agency, such as the Regional Measure 2 funding for Marin County. Attachment 2 illustrates assumptions used for the specific line items in the budget. As the designated Congestion Management Agency for Marin County, TAM collects contributions from each city/town and the county for the transportation programming/planning services provided. The fee is based on a 50% population/50% public road mileage maintained formula. Each jurisdiction's share for FY2007-08 is shown in Attachment 3. Attachment 4 illustrates TAM's annual appropriation limit (Gann Limit) calculation.

TAM Continues Its Transition:

TAM begins the FY2007-08 year completing its transition to an independent agency integrating the CMA and Sales Tax Authority functions. TAM filled three critical manager positions in the current year and is in the process of hiring an Accounting and Administration Specialist. While in its transition from staff supplied by the Marin County Public Works Department to staff employed directly by TAM, TAM will continue to retain on loan 2 and 3/4 Full Time Equivalent County staff next year for critical work, such as the Greenbrae/580/101 project and TAM's Planning activities. TAM is also expected to end its one and a half year long office search by July of 2007. The Board has authorized staff to find an office in central San Rafael and co-lease with the Marin County Transit District (MCTD) and the Sonoma Marin Area Rail Transit (SMART). The Budget for FY2007-08 includes the lease for a new office, including furniture budget rollover from FY2006-07, a server, and other minor equipment.

Highlights of TAM's FY2007-08 Budget

Measure A Revenue:

Based on the disbursements received as of March of 2007, TAM staff estimates total Measure A revenue for FY2006-07 will be about \$20.8 million. The \$20.8 million revenue estimate reflects a 4.2% growth over actual revenue from FY2005-06. Due to economic uncertainty, staff proposes to maintain the final estimated revenue from FY2006-07 as the projected revenue amount for FY2007-08, which represents \$1 million more than the projected amount in the 2006 Strategic Plan for FY2007-08. The additional revenues will be programmed in the 2007 Strategic Plan Update, allowing project sponsors to access these funds in FY2007-08.

As specified in the Expenditure Plan and TAM's 2006 Strategic Plan, five percent of the total revenue is taken off the top for administration of the sales tax and program/project management oversight. Another five percent of the sales tax revenue is set aside as reserve for unforeseen economic hardship or funding loss. Based on a revenue estimate of \$20.8 million, \$1.04 million will be earmarked for Measure A administration and program management support for FY 2007-08. An additional \$1.04 million will be budgeted for reserve. Also, \$2.35 million will be deposited for Strategy 2, after the 10% takedown mentioned above, to fulfill the \$25 million committed to the 101 HOV Gap Closure Project. Revenue share for the remaining three strategies are recalculated and the remaining funds are distributed accordingly.

Potential Debt Financing Needs:

The bids for Segment 4 of the Highway 101 Gap closure Project are scheduled for advertisement in June 2007. TAM has committed a total of \$25 million in Measure A funds. While TAM is able to use \$2.35 million in annual debt service reserve next year to meet the cash flow needs for the project, all of

the remaining funding needs will need to be satisfied by the end of FY2008-09 based on the current project schedule, which would require debt financing. The Major Road Projects are faced with similar circumstances. Current project schedules indicate that funding needs will exceed revenues collected starting in FY2008-09. Over the next six month period, staff will develop a debt financing policy and process and present various financing options to the Board for review. The actual debt financing needs for both the Highway 101 Gap Closure Project and Major Roads will be determined during this process and the budget will be revised accordingly.

New Revenues Expected for FY2007-08:

STIP/PPM: With the passage of Assembly Bill 2538, TAM is eligible to use up to 5% of its STIP funds for Planning, Programming, and Monitoring (PPM) activities. In FY 2006-07, \$24,000 was available for PPM activities. In FY 2007-08, the amount increased to \$141,000 for staff support and other STIP related activities.

RM2: TAM expects a total of \$7.1 million in Regional Measure 2 (RM2) funds for projects in FY2007-08, which represent \$3 million more than the previous year. The increase is attributed to the start of construction work for the Calpark Hill Pathway and study work for the Greenbrae/580/101 Project.

NTPP: The Non-motorized Transportation Pilot Program (NTPP) was created in 2005 as part of SAFETEA-LU to demonstrate the extent to which bicycling and walking can carry a significant part of the transportation load and represent a major portion of the transportation solution. Marin County was one of the four locations nationwide to receive \$25 million in NTPP funds. The Central Marin Ferry Connection Project, part of the Greenbrae/580/101 corridor, received \$2 million from NTPP, which will be used on the Multi-use Pathway portion of the project.

CMIA: TAM successfully secured \$20 million in the Corridor Mobility Improvement Account (CMIA) funds for the 580/101 Connector Project. Two million dollars will be used in FY2007-08 to start efforts on this project

MSN Federal Earmark: TAM secured \$842,000 in federal earmark to support environmental and preliminary engineering work on the Marin Sonoma Narrows (MSN) Project, with \$500,000 of the total amount expected to be used in FY2007-08.

TCRP: About \$3.1 million from the Traffic Congestion Relieve Program (TCRP) is expected for FY2007-08 to start design effort on Segment A of the Marin Sonoma Narrows Project.

Major Expenditure Categories:

Administration: Compared to FY2006-07, there is an increase of approximately \$550,000 in the Administration Category. The Salaries and Benefits and Equipment line items are the major contributors to the budget increase. Increase in the Salaries and Benefits item is attributed to a fully staffed TAM that was not the case in FY 2006-07. The budget also includes funding for the recently approved Accounting and Administration Specialist position. Also, it should be noted that \$44,000 of the total \$80,000 in the Equipment item is a rollover from the FY2006-07 budget for the server project, which was postponed due to a delay in office relocation. Staff also proposes two new budget line items: Professional Development and Miscellaneous Expenditures, each at \$5,000 apiece. The Professional Development item will enable staff to take appropriate training courses. The Miscellaneous Expenditure item is for any necessary, non-budgeted, administration needs.

Professional Services: The Professional Service Category in the FY2007-08 Budget is increased by more than \$7.4 compared to the budget of FY2006-07. TAM will be undertaking several major capital projects, such as the Marin Sonoma Narrows Project and the 580/101 Connector, that contribute to the increase. Also, expenditures for the Greenbrae/580/101 Project are also expected to increase by \$2 million because design work will ramp up.

Measure A Programs: As specified in the 2006 Strategic Plan, five percent, or \$1.04 million, of the \$20.8 million in Measure A funds for FY2007-08 is set aside as reserve. TAM is expected to fully allocate the funding share for Strategy 1 and 2. The budgeted amounts for Strategy 3 and Strategy 4 are based on the actual project/program needs. Total Measure A expenditures will be \$23.2 million, a \$4.9 million increase compared to FY2006-07 budgeted expenditures. Note that while we collect just over \$20 Million, there is a substantial carryover which in part will be expended in FY 2007-08.

Interagency Agreements: The Interagency Agreements category covers projects that TAM acts as the pass through agency, as opposed to being a project sponsor. The expenditure level for all the TFCA projects is expected to be similar to FY2006-07 at \$600,000. The more than \$4 million budget increase for this category is attributed to the fund agreement with Marin County on RM2 funds, which will increase from \$1.05 million in the current budget to \$5.9 million for FY2007-08.

Prior Year Carryover: Based on the current revenues and expenditures trend, it's estimated that FY2006-07 will end with approximately \$20 million available in various TAM funding accounts. Please note all funds carried into FY2007-08 from FY2006-07 are restricted. In other words, these funds have been planned for expenditures in upcoming years, including allocations for Measure A projects/programs, professional services for various CMA activities, etc.

Appropriations Limit

TAM Ordinance 2004-1 adopted the final Measure A Sales Tax Expenditure Plan and an annual appropriations limit (Gann Limit) as required by Article XIII B of the State Constitution. Each year the limit is re-calculated based on inflation and population growth factors. As shown in Attachment 4, the FY2007-08 appropriations limit is \$55,398,679, and the net sales tax amount subject to limitation is \$38,300,000. This sales tax amount includes the prior year carry forward and new Measure A revenues available in FY2007-08. At this time, approximately \$17.5 million of Measure A funds are expected to be carried forward into FY2007-08.

Recommendation: Provide comments on the Draft TAM FY2007-08 Budget and release the draft budget for public comments.

Attachments

- Attachment 1. Draft TAM FY2007-08 Budget
- Attachment 2. Assumptions for FY2007-08 Budget Development
- Attachment 3. FY2007-08 City/Town/ County CMA Fee Schedule
- Attachment 4. Calculation of FY2007-08 Appropriation Limit

Attachment 1

**Transportation Authority of Marin
DRAFT FY2007-08 Annual Budget**

	Adpoted FY 06-07	Proposed FY2007-08	Change
REVENUE			
Measure A	19,503,000	20,800,000	1,297,000
Cities and Counties	430,000	430,000	-
Interest Earned		250,000	250,000
STP/CMAQ	525,000	375,000	(150,000)
T-Plus		150,000	
STIP/PPM	24,000	141,000	117,000
STP One-Time	130,000		(130,000)
RM2	3,712,500	7,100,000	3,387,500
Community Based Transportation	60,000	55,000	(5,000)
TDA Article 3	77,050	63,000	(14,050)
TFCA/BAAQMD	619,164	363,038	(256,126)
Non-Motorized Transportation Pilot Program		2,000,000	2,000,000
MSN Federal Earmark	253,886	500,000	246,114
CMIA Bond Revenue		2,000,000	
TCRP		3,100,000	
<i>Total Revenue Available</i>	<i>31,844,896</i>	<i>37,327,038</i>	<i>5,482,142</i>
EXPENDITURES			
Administration			
Salaries & Benefits	1,278,462	1,778,000	499,538
Office Lease	186,500	186,500	-
Office Furniture	79,500	79,500	-
Equipment	44,000	80,000	36,000
Telephone	14,300	14,300	-
Office Supplies	20,000	20,000	-
Insurance	5,000	5,000	-
Audit	19,000	15,000	(4,000)
Legal	13,000	20,000	7,000
Accounting/Payroll	10,000	10,000	-
Document Reproduction	10,000	10,000	-
Memberships	10,000	10,000	-
Travel/Meetings/Conferences	17,500	20,000	2,500
Professional Development	-	5,000	5,000
Misc. Expenses	-	5,000	5,000
Line of Credit			
<i>Subtotal, Administration</i>	<i>1,707,262</i>	<i>2,258,300</i>	<i>551,038</i>

Attachment 1

**Transportation Authority of Marin
DRAFT FY2007-08 Annual Budget**

	Adpoted FY 06-07	Proposed FY2007-08	Change
Professional Services			
CMP	120,000	65,000	(55,000)
T-PLUS	74,500	75,000	500
PMO Consultant	402,633	400,000	(2,633)
Community Based Transportation	54,000	49,000	(5,000)
Bike Planning	77,050	63,000	(14,050)
MSN Hot Lane Follow Up Study	150,000	200,000	50,000
MSN Preliminary Engineer and Design		3,100,000	3,100,000
101 Gap Closure CMO		290,000	
Federal Legislative Assistance	-	25,000	25,000
State Legislative Assistance	35,000	35,000	-
Financial Advisor	35,000	35,000	-
HR/IT Support	55,000	55,000	-
Consulting Pool	24,853	50,000	25,147
 Hwy 101/Greenbrae	 1,600,000	 3,600,000	 2,000,000
580/101 Connector		2,000,000	2,000,000
Subtotal, Professional Services	2,628,036	10,042,000	7,413,964
Measure A Programs			
Reserve	1,032,150	1,040,000	7,850
Project Management	765,000	765,000	-
Strategy 1 - Transit	8,945,389	9,733,514	788,125
 Strategy 2 - Gap Closure	 1,490,732	 2,350,000	 859,268
Strategy 3 - Streets & Rds	4,810,190	6,436,392	1,626,202
Strategy 4 - Safe Routes	1,295,000	2,875,653	1,580,653
Subtotal, Measure A Programs	18,338,461	23,200,559	4,862,098
Interagency Agreements			
TFCA	601,252	600,000	(1,252)
Larkspur RM2	810,000		
County RM2	1,050,000	5,900,000	4,850,000
Subtotal, Interagency Agreements	2,461,252	6,500,000	4,038,748
Total Expenditures	25,135,011	42,000,859	16,865,848
Net Change in Fund Balance*	6,709,885	(4,673,821)	(11,383,706)
Beginning Balance - July 1, 2007	6,645,296	20,000,000	13,354,704
Ending Balance	13,355,181	15,326,179	1,970,998

Attachment 2

Assumptions for FY2007-08 Budget Development

Item	Assumption
REVENUES	
Measure A	\$20.8 million, estimates based on FY2006-07 Measure A disbursement as of April, 2007
Cities and Counties	\$430,000, based on 50% roadmiles/50% population formula using the same factors from FY2006-07; amounts for cities/towns and county is in Attachment 3
STP/ CMAQ	\$375,000, based on the funding agreement with MTC for FY2006-07, no funding level change is expected for FY2007-08
T-Plus	Continuation of same funding level from MTC
STIP/ PPM	\$141,000, based on the programming amount in the STIP, CMAs can use up to 5% for PPM with the passage of AB2536
BAAQMD/ TFCA	\$363,038. Based on FY2007-08 revenue estimates and FY2006-07 true up provided by BAAQMD
RM-2	\$7.1 million. RM-2 Bridge Toll funds for Marin County projects are managed by TAM
CBT	\$55,000 grant, reimbursement based, amount expected to spent in FY2007-08, \$49,000 for contact, \$6,000 staff support
TDA Art. 3	\$63,000. TDA Article 3 funds will be used for the Bicycle and Pedestrian Plan update, as allocated by the TAM board
MSN Fed Earmark	An \$842,000 earmark for the Marin Sonoma Narrows project was made available through SAFETEA-LU, which will cover multi-year expenditures. \$500,000 funding is budgeted for staff costs, consultant management support, and a toll road/HOT lane study
CMIA	\$2 million CMIA funding for the 580/101 Interchange environmental and design work
TCRP	\$3.1 million funding for MSN design, most likely from TCRP funds
EXPENDITURES	
Administration	
<i>Salaries and Benefits</i>	\$1.78 million, based on current staff level, 7 TAM/LGS positions and 3 TAM/County employees. Average 3% inflation is assumed
<i>Office Lease</i>	\$186,500, 5,000 sf @\$2.90/sf/mo = \$145,000 per year; \$41,500 for potential tenant improvement needs.
<i>Furniture</i>	\$79,500, 14 workstations at \$5,200 each; balance for misc other furniture needs
<i>Equipment</i>	\$80,000, For server, computers, phone and other equipment needed. \$44,000 rollover from last year for server purchase
<i>Telephone</i>	\$14,300, service fees for TAM office and cell phones.
<i>Office Supplies</i>	\$20,000, based on estimated FY2006-07 expenditures , plus increase for increased staffing; includes copier lease
<i>Document Reproduction</i>	\$10,000, based on estimated FY2006-07 expenditures, including Annual Report production
<i>Insurance</i>	\$5,000, based on current quote.
<i>Audit</i>	\$15,000, based on FY2005-06 Audit needs and a revised work scope
<i>Legal</i>	\$20,000, based on prior year estimated actual plus additional activity
<i>County Accounting Services</i>	\$10,000, based on contract estimate
<i>Memberships/ Dues</i>	\$10,000, based on Self Help Counties Coalition, CalCOG, dues for employees' professional memberships
<i>Travel, Training and Conferences</i>	\$20,000, based on prior year estimated actual plus additional travel for increased staffing
<i>Professional development</i>	\$5,000, for staff professional/computer skill trainings/classes

Attachment 2**Assumptions for FY2007-08 Budget Development**

Professional Services	Based on current and anticipated consulting contracts
Measure A Programs	
<i>Measure A Reserve</i>	\$1,040,000. A 5% reserve fund is established as allowed in the Expenditure Plan to address potential variations in sales tax revenues
<i>Project Management</i>	Project management fees assigned to programs per 2006 Strategic Plan
<i>Strategy 1</i>	Based on fully allocate estimated available revenue
<i>Strategy 2</i>	Assign the \$2.35 million debt service reserve revenue to Strategy 2
<i>Strategy 3</i>	Based on projects needs of Substrategy 3.1 and fully allocate FY2006-07 revenue and prior year carryover to Substrategy 3.2
<i>Strategy 4</i>	Based on projects/programs needs
Interagency Agreement	
<i>TFC A</i>	Potential reimbursement requests for FY2007-08 are expected at \$600,000
<i>County RM2</i>	Pass-through RM2 funding for Marin County's RM2 funded projects

Attachment 3

FY2007-08 City/Town/County CMA Fee Schedule

Agency	Pro-Rata Share	FY2007-08 Fee
Belvedere	1.02%	\$ 4,371
Corte Madera	2.95%	\$ 12,688
Fairfax	2.87%	\$ 12,357
Larkspur	4.14%	\$ 17,794
Mill Valley	6.05%	\$ 26,005
Novato	17.10%	\$ 73,536
Ross	1.23%	\$ 5,271
San Anselmo	4.78%	\$ 20,563
San Rafael	20.13%	\$ 86,548
Sausalito	2.84%	\$ 12,208
Tiburon	3.26%	\$ 14,011
County	33.64%	\$ 144,648
Total	100.00%	\$ 430,000

Notes:

1. Based on 50% road miles and 50% population formula.
2. Based on 2005 Department of Finance Population Estimates and FY2002-03 Marin County Road List.

Attachment 4

Calculation of FY2007-08 Appropriation Limit

Calculation of FY2007-08 Appropriation Limit

FY2006-07 Appropriation Limit		\$	52,797,509
Inflation Factor (Per capita income change, 2005-2006)*	X		1.0414
Population Factor (Population change, 2005-2006)*	X		<u>1.0076</u>
FY2007-08 Appropriation Limit		\$	55,398,679

Appropriations Subject to the Limit

The amounts in the Draft TAM FY 2007-08 Budget subject to the Limit (net proceeds of taxes) total \$20,800,000. This amount is significantly below the required Limit:

FY2007-08 Appropriation Limit	\$	55,398,679
FY2007-08 Appropriations Subject to Limit	\$	38,300,000
Amount under Limit	\$	17,098,679

Sources:

1. Marin County Per Capital Income data for 2004 and 2005, from Bureau of Economic Analysis, US Department of Commerce.
<http://www.bea.gov/regional/reis/drill.cfm>
2. Marin County Population data for July 2005, and July 2006, from California Department of Finance.
http://www.dof.ca.gov/HTML/DEMOGRAP/ReportsPapers/Estimates/E2/documents/E-2_Report_Jul06.xls